THE NINTH DAY.

Wednesday, the 7th March 1928.

The Assembly met again at 11-30 A. M. on Wednesday, the 7th March 1928.

138. Certain measures in encouragement of trade.

MR. ABDUL TAYEB SHAIKH KADERBHOY (*Member, Trading Classes, Quilon*) said that the trading classes had many grievances against the Income-tax Department. The income-tax officers were also land revenue officers. In fact income-tax work formed only one of their subsidiary functions. They were unacquainted with many commercial usages and practices. Not only they but the Sirkar Vakils to whom questions of commercial and income-tax law were referred by them were also ignorant of these usages. The opinions recorded by these officers were often wrong. For example, these law officers had stated the opinion that *Veethapalisa* was profit assessable to income-tax. Now, profit could be calculated only after loss was ascertained. A chitty was a running transaction, the profits or the loss of which could be ascertained only after its conclusion. During the long period of the chitty, if the foreman died or became insolvent, the subscribers could not sometimes realise even what they paid.

Then again many mistakes were made by the income-tax officers in auditing accounts. There were no qualified auditors in the department. If a qualified auditor was appointed, it would save a deal of trouble to the merchants.

Another matter which the member desired to urge upon Government was the necessity for amending the Insolvency Regulation. The Insolvency Regulation of Travancore was an exact copy of the British Indian Act of 1907. Much water had flown under the bridge in British India since 1907, but the Travancore Regulation remained what it was. The Regulation as it now existed in Travancore only helped to swell the number of fraudulent paupers. A dishonest man could set up a business, borrow money under cover of it, invest the borrowings somewhere safely out of reach of the law, file a petition in the District Court for being declared an insolvent, and having got the declaration he wanted could spend the rest of his days in opulence without fear of the civil jail. The District Courts had no summary jurisdiction in such cases. Nor was there any penal provision in the Regulation under which such cases could be punished.

The next subject taken up by the member was the necessity for a legislation to control hundi merchants. The hundi merchants of Travancore were mostly non-Travancoreans. On account of the handsome rates of interest they paid, they attracted depositors. But they would become insolvent all on a sudden and the depositors would be left with nothing. In regard to borrowers, the rates of interest which these merchants exacted from them were unconscionably high. Some enactment was absolutely necessary to bind these Hundi merchants. They should be asked to deposit some security proportionate to their business as in the case of Insurance Companies.

Lastly the member advocated the desirability of holding commercial and economic conferences. Such conferences were necessary in the absence of Chambers of Commerce in the State. The Economic Development Board could convene the conferences, which could discuss broad and far-reaching problems affecting the welfare of merchantmen.

DEWAN'S REPLY: Mr. Abdul Tayeb Shaikh Kaderbhoy, your remarks in respect of income-tax will apply, I think, *mutatis mutandis*, to any country in the world where income-tax is collected. There is necessarily a difference of opinion between the assessees and the assessors. As to the points you raised I think you must be aware that cases are often stated to the High Court who adjudicate the

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